
# FY23 RESULTS

INVESTOR PRESENTATION
SCOTT TECHNOLOGY LIMITED

18 October 2023

# Contents



## PRESENTED BY

John Kippenberger
*Chief Executive Officer*

Cameron Mathewson
*Chief Financial Officer*

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*Group GM – People, Marketing & Minerals*

*"In a year defined by transformation and progress, we stand at the threshold of exciting opportunities, driven by our unwavering commitment to our Scott 2025 Strategy, focusing on accelerated growth and productisation."*

**John Kippenberger**

# FY23 PERFORMANCE

# FY23 performance snapshot

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## REVENUE

$268M

| | | | |
|---|---|---|---|
| FY22 | $222M | +21% | ▲ |
| FY21 | $206M | +8% | ▲ |

## CORE MARGIN %

30%

| | | |
|---|---|---|
| FY22 | 29% | ▲ |
| FY21 | 30% | ▼ |

## GROUP MARGIN %

27%

| | | |
|---|---|---|
| FY22 | 24% | ▲ |
| FY21 | 24% | ▬ |

## EBITDA

$30M

| | | | |
|---|---|---|---|
| FY22 | $24M | +27% | ▲ |
| FY21 | $21M | +14% | ▲ |

## FORWARD WORK*

SALES

$179M

| | | | |
|---|---|---|---|
| FY22 | $172M | +4% | ▲ |
| FY21 | $119M | +44% | ▲ |

SERVICES

$16M

| | | | |
|---|---|---|---|
| FY22 | $19M | -16% | ▼ |
| FY21 | $9M | +115% | ▲ |

## DIVIDENDS PER SHARE (Cents)

FY23 8.0 | FY22 8.0 | FY21 6.0

## EARNINGS PER SHARE (Cents)

FY23 19.3 | FY22 15.9 | FY21 10.8

- *Forward Work represents contracted activity. It is not an indicator of revenue over a set period of time*
- *Information is Continuing Operations (excludes the divestment of the non-core Robotworx business)*

# FY23 results summary

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| | Results Snapshot (NZ$m) | | |
|---|---|---|---|
| | FY23 | FY22 | FY21 |
| Revenue | 267.5 | 221.8 | 206.0 |
| Operating EBITDA | 30.4 | 23.9 | 21.0 |
| Non-trading adjustments* | (0.7) | - | - |
| EBITDA | 29.7 | 23.9 | 21.0 |
| Net Profit After Tax (NPAT)** | 15.4 | 12.7 | 8.4 |
| Net Cash / (Debt) | (0.1) | (8.0) | 1.3 |
| Net Cash / (Overdraft) | 12.4 | 3.9 | 12.2 |
| Bank Loans | (12.5) | (12.0) | (10.9) |
| Operating Cash Flow | 20.2 | 6.3 | 13.4 |

**   FY23 EBITDA includes $0.7m of expenses related to the strategic review announced in June 2023*

*** FY22 reported NPAT is $0.1m as it captures $12.6m of non-cash write offs from the discontinued Robotworx operation*


# SCOTT 2025
# STRATEGY UPDATE

# 2025 Strategy
## Engineering Scott to high performance

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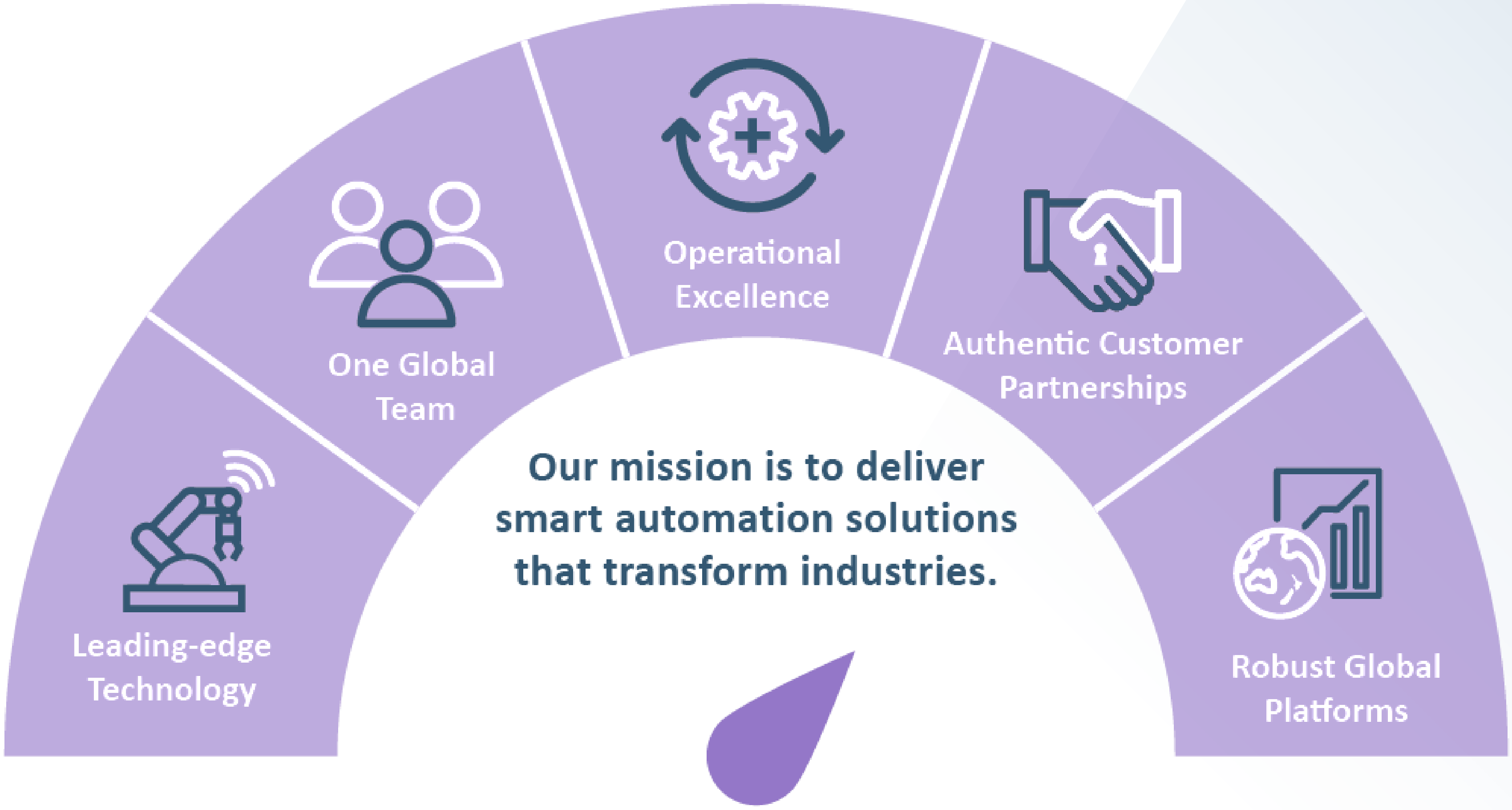
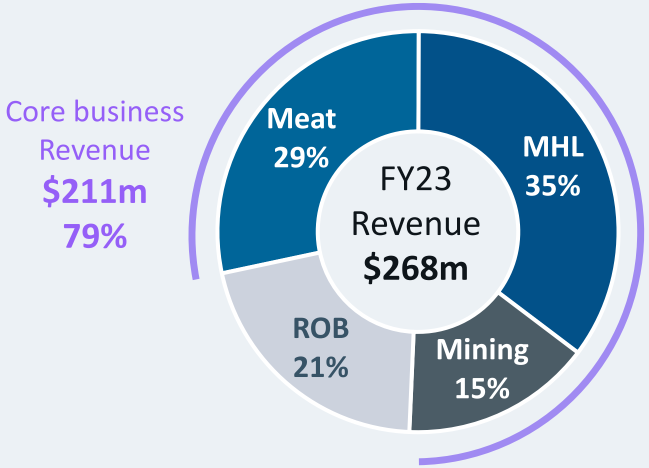


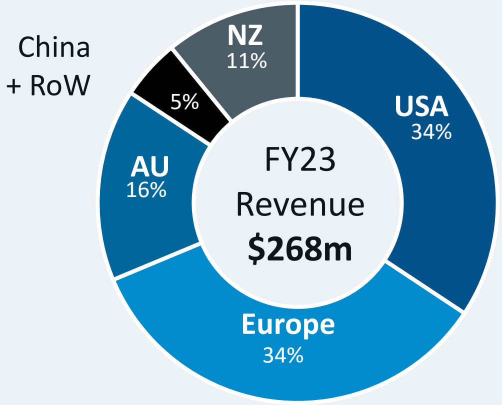
# Core Sector Summary

## Strategy delivering accelerated growth across core business & geographies

### REVENUE BY SECTOR




### REVENUE BY GEOGRAPHY




**Scott have intensified focus on converting innovation into market-ready products that deliver tangible value to our customers.**

- Our Strategy of supplying repeatable products into large addressable markets continues to gather momentum.
- Revenue from Core sectors grew by 27%. Core Margin in dollars rose by 33%, as margins lifted from 29% to 30%.
- Our compelling product offerings were successful in attracting significant new customers, such as our first BladeStop installs for Cargill and the Poultry Trusser for Costco, both in our key US target market.
- MHL grew by a record 35% as the large order book in Europe was converted to revenue and the US AGV business signed new orders with the likes of McCain Canada.
- Forward order book remains strong at $195m, with 86% from Core Sectors.
- Geographic contribution mix with expansion across Europe and US in line with Scott 25 Strategy.
  - US revenue contribution increases from 24% of group revenue in F22 to 34% in F23, as the demand for Poultry Trussers grows
  - Europe grows from 26% to 34% as a result of the MHL strong momentum

# Continued leadership across core sectors

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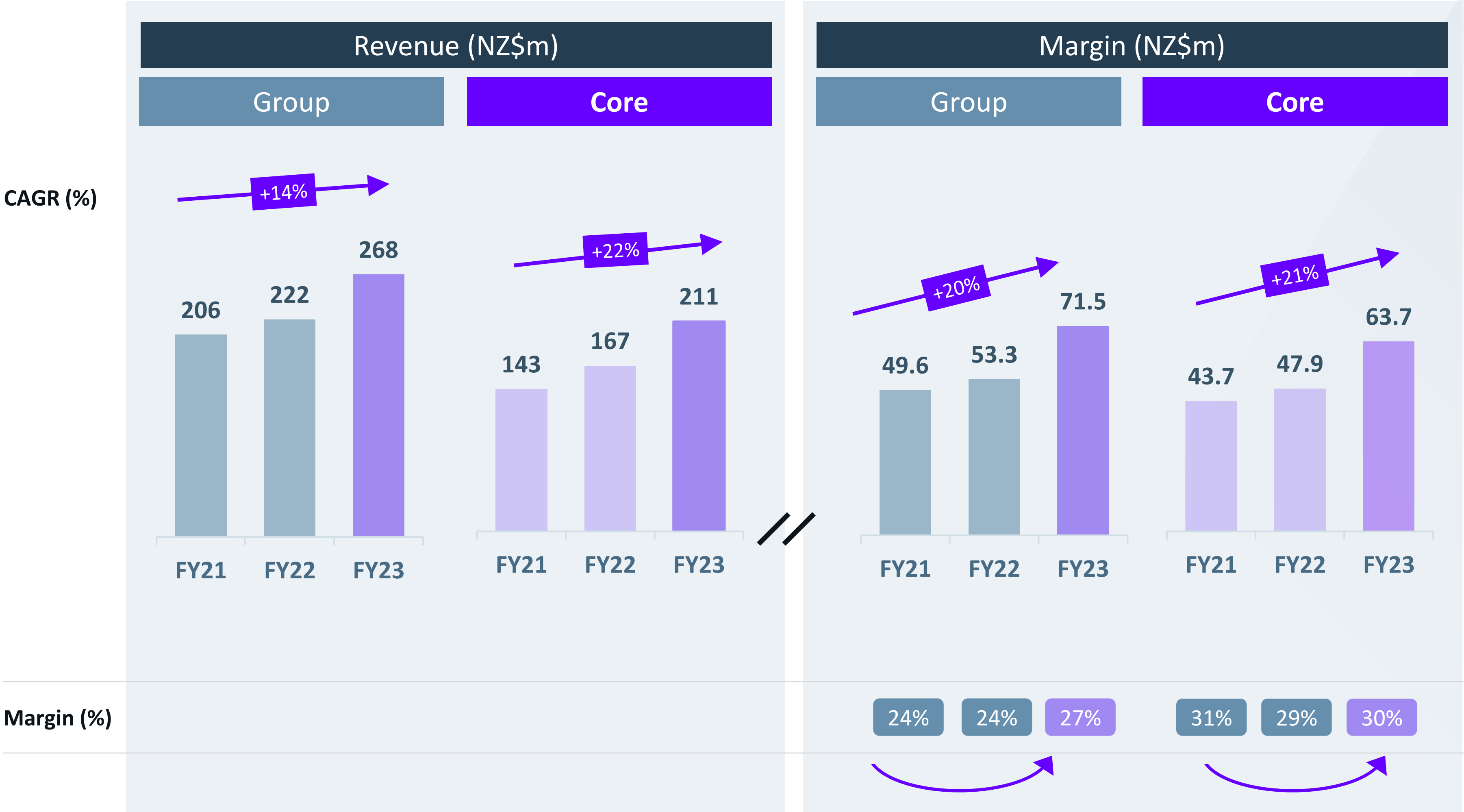
| FY23 | PROTEIN | MHL | MINERALS | REST OF BUSINESS |
|---|---|---|---|---|
| *Revenue mix %* | *29%* | *35%* | *15%* | *21%* |
| *Revenue growth % (vs pcp)* | *33%* | *35%* | *4%* | *2%* |
| *Margin %* | *33%* | *23%* | *40%* | *14%* |
| *Customers* | Pilgrim's, Alliance Farmers' Produce, Silver Fern Farms, Cargill, JBS, Thomas Foods International, Walmart, Costco Wholesale | Clarebout Frozen Potato Products, PepsiCo, Gulfstream, Leone, General Mills, Microsoft, Bridgestone, Poco Loco | ALS, Rio Tinto, Talison Lithium, Bureau Veritas, CAT, SGS, Newmont, Mineral Resources | Bosch, Midea, Sub-Zero, GE Appliances, Whirlpool, Sealed Air |

# Core sectors driving strong growth




## Scott's strategy of more revenue from proven systems, product and service delivers another period of growth

- Core Sectors contributed the majority of growth during the FY23 period at 30% margin (+139bps).
- Core Sectors represent 79% of Group Revenue (up from 75%).
- Rest of business operations represented 21% of revenue and 11% of margin in FY23.

# CORE SECTOR PERFORMANCE & OUTLOOK

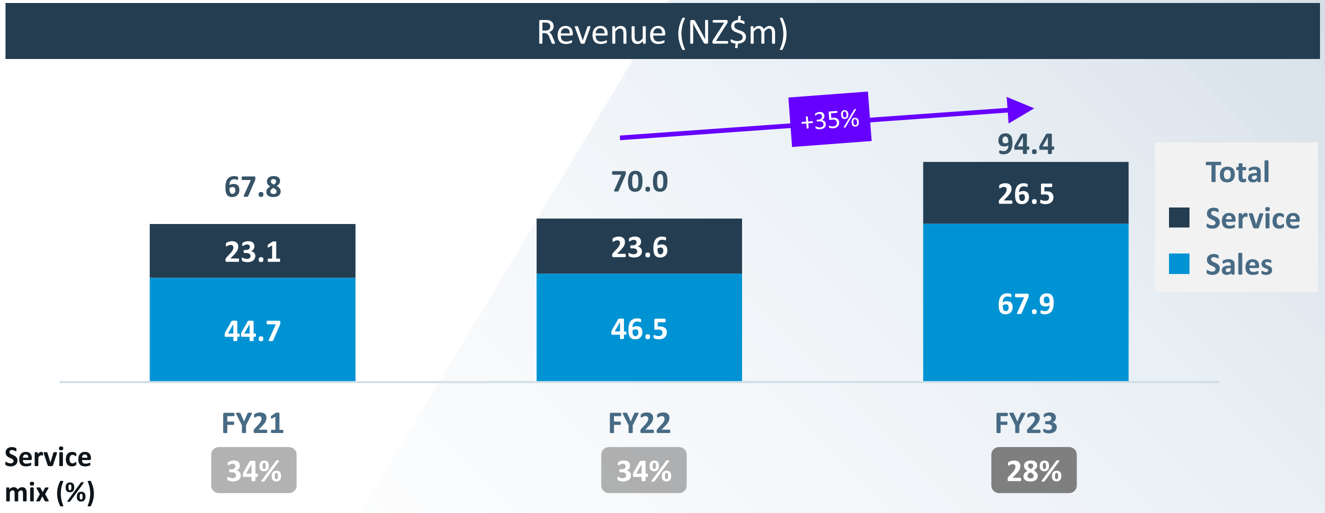
# Material Handling: Impressive growth from key markets Europe and US

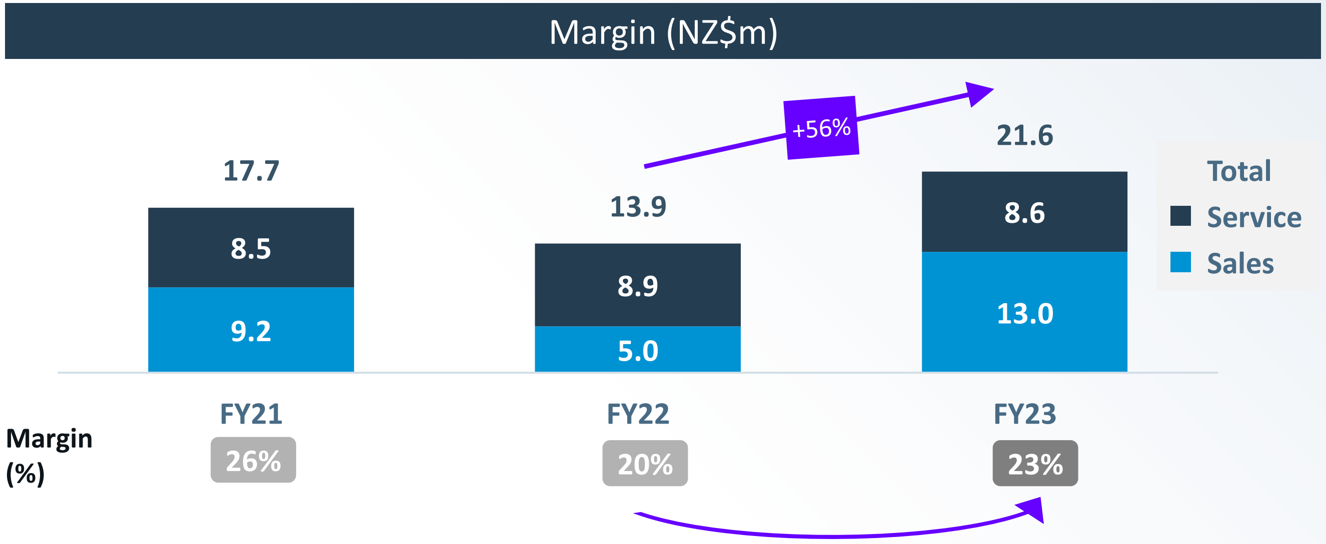
## Promising momentum in global markets

- MHL continues to grow strongly in Europe.
- With the recent leadership amalgamation, established palletisation solutions are being presented to the US market.
- Strong revenue growth from FY22 (+35%), higher than CAGR from FY21 of 18%, due to conversion of forward work as supply chain pressures ease.
- Strong forward order book of $127m:
  - US Palletisation with $66m confirmed for 2 projects
  - Materials Handling EU: confirmed contracts with Clarebout & new customer Incom Leone
  - Transbotics US: confirmed contracts with major global businesses, including Microsoft, Novelis, and Gulfstream.
- Sales growth driven by strong order books means that service mix drops to 28%, despite the increase of service revenue of $3m

## Margin improving after period of disruption

- More than proportionate increase in margins (+56% growth) as a focused business concentrates on lower risk more profitable projects.



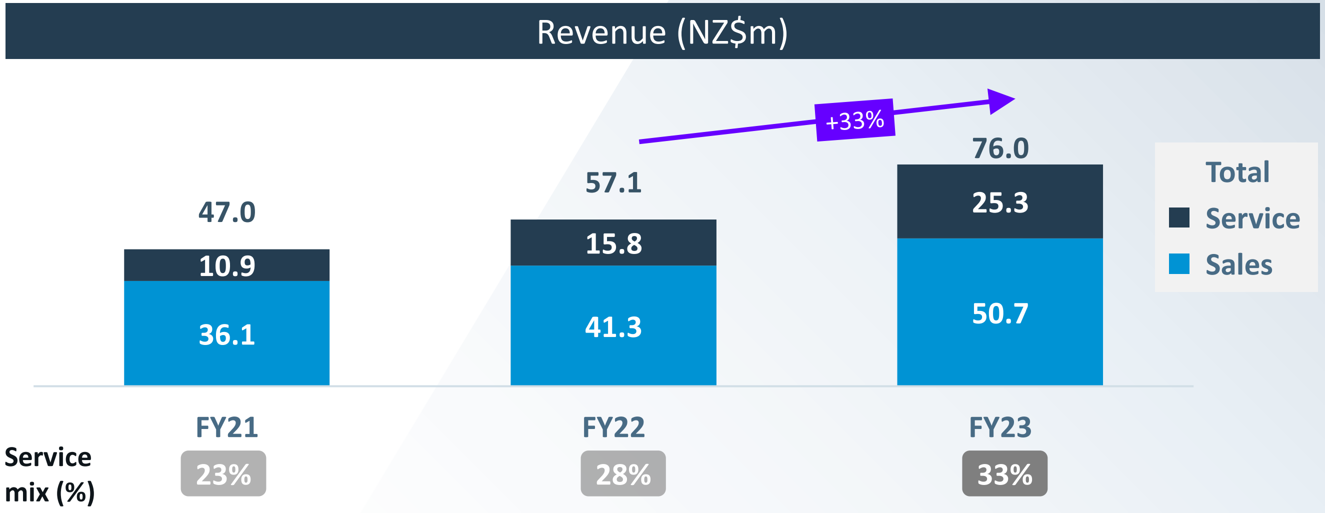
# Protein: Strong demand continues for high margin products and solutions

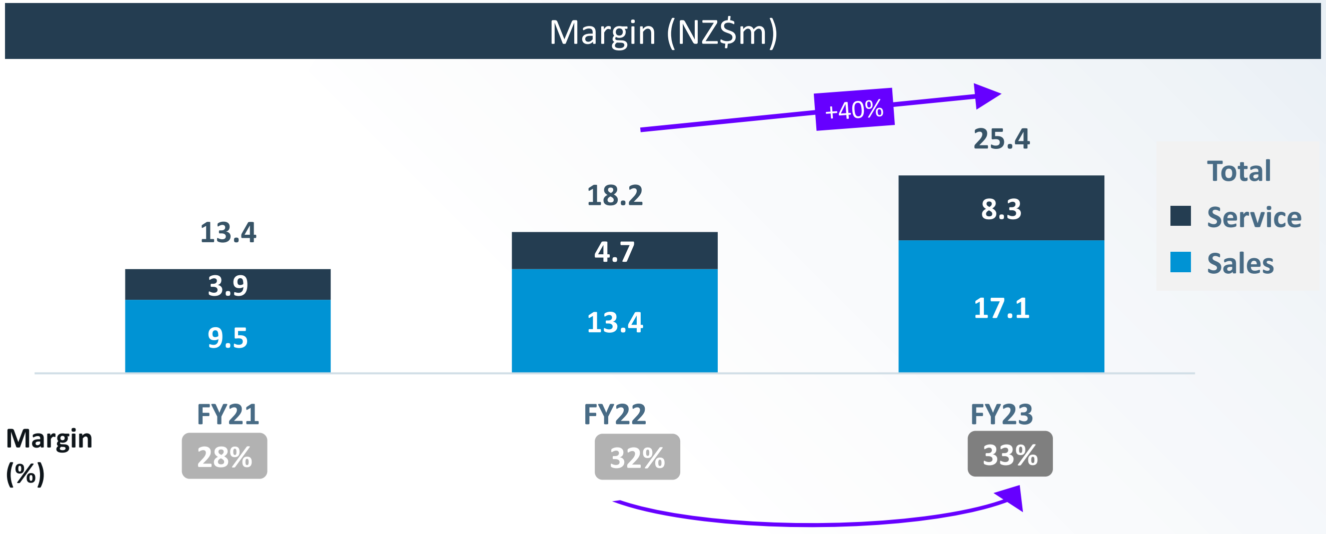
## Strong period for BladeStop and meat products

- Continued demand for Scott meat solutions as customers address labour and skills shortages and rising health and safety requirements.
- Strong demand for poultry trussers, with 10 units ordered in FY23 for Costco. Advanced completion resulting in 6 units recognised in revenue.
- Key sales of Lamb Primal to Silver Fern Farms (NZ), a successful BladeStop trial at Cargill (US) and additional BladeStop saws sold to Walmart.
- 33% revenue growth on FY22 underpinned by strong performance from:
  - Momentum in new Poultry Trusser solution, contributing 13% of the growth
  - BladeStop Saws in Europe (+36%) and Americas (+51%), which is now the region with the most sales in FY23
  - Global BladeStop service revenue (+59%).

## Margin dollars up 40% vs FY22 (CAGR FY21: +38%)

- Strong margins of 33% in FY23, driven by higher proportion of services revenue and product sales focus.
- Focus on efficiency remain high to keep growing Margin %.



# Minerals: Reliable Rocklabs products deliver improved margin

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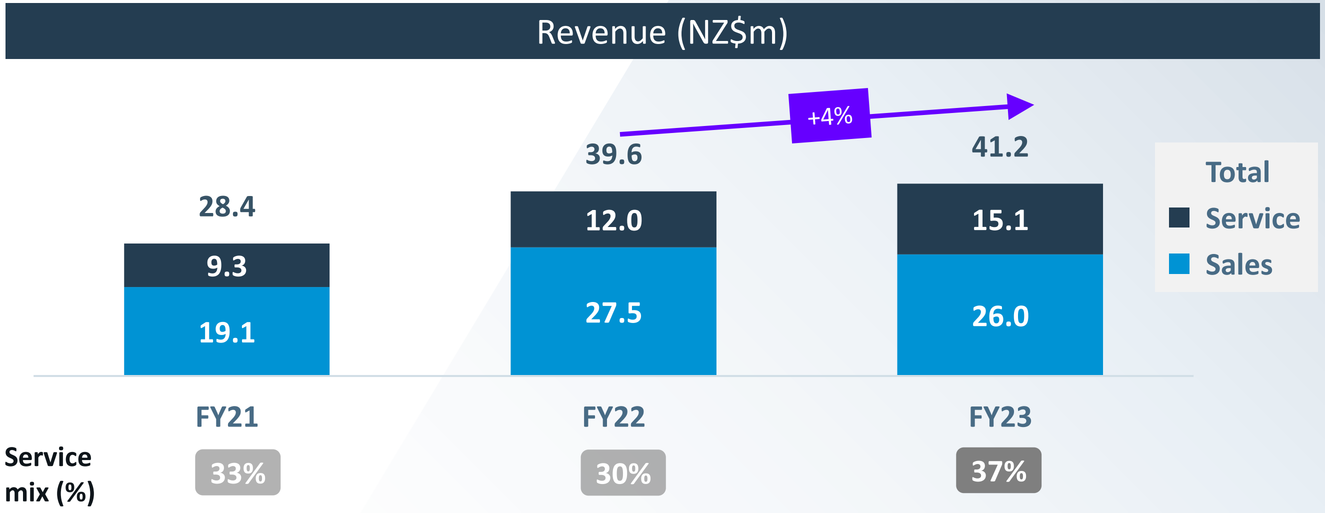
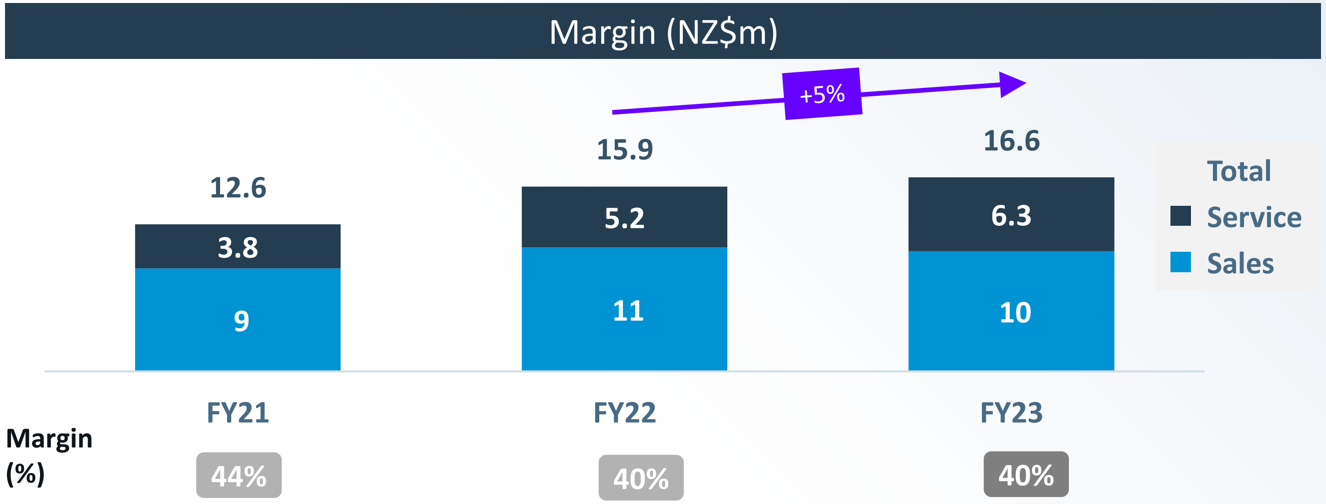
## Strong global demand outlook for old and new minerals from mining manufacturers and distributors

- Positive launch of 'modular' Rocklabs solutions for mining and laboratory customers, as evidenced by first contract win to Mineral Resources Limited of $12m ($3.3m in FY23)
- An estimated $3m sales from Russia missed in the period due to the war in Ukraine.
- Partially offset by strong and high margin service growth of 21% (+$1.1m)

## High margin translates growth of service mix

- Overall margin increase by 5% shows strong revenue from Rocklabs and good progress while AMS and Energize are progressing well.

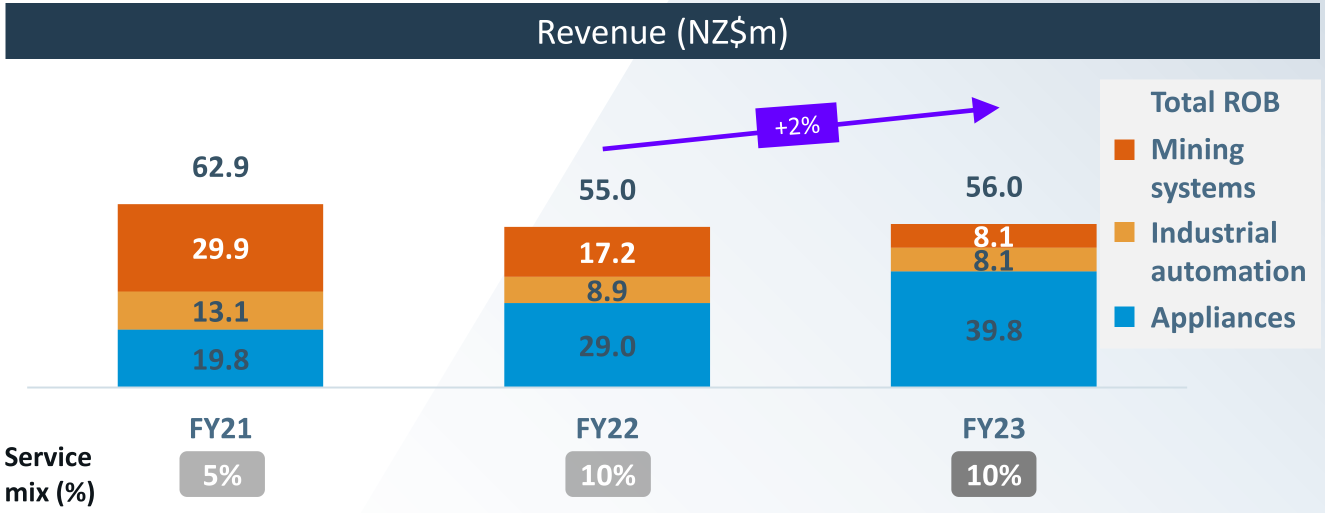


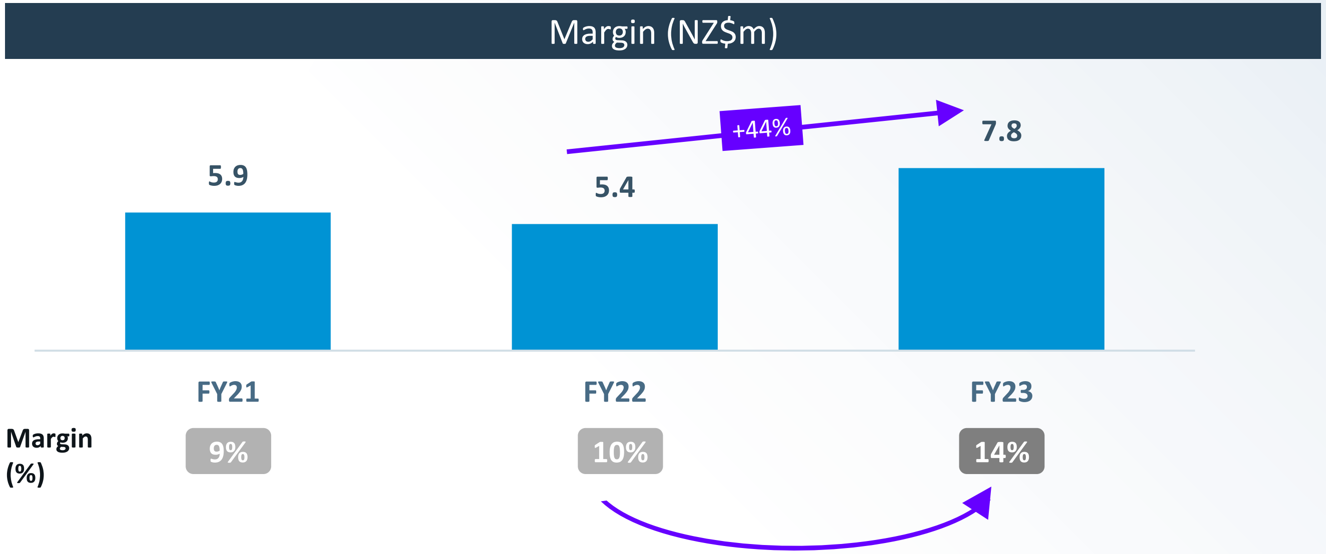



# Rest of Business: Focus delivers margin improvement

## Revenue down in FY23 as legacy Mining Systems projects near completion

- Strategic focus away from one off complex projects sees loss-making mining systems revenue and associated low margin taper off, resulting in margin growing by 44%/ +400bps despite revenue growth of 2%.
- Revenue growth from Appliances (+37% on FY22) due to FY23 performance with the Sub Zero door line in the US, Midea in China, Vaillant and Liebherr in Europe.
- Forward work on Appliance of $25m consisting mainly of low risk repeat customers systems and upgrade projects.
- Appliance business remains challenging with the overall contribution to group profitability still being marginal.



# SUSTAINABILITY
# PEOPLE & PLANET

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# People, Purpose and Place

## Leading a sustainable future

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### PLACE

**Aaron Vanwalleghem**
*President - Europe & North America*

### PURPOSE

**Cameron Mathewson**
*Chief Financial Officer*

### PEOPLE

**Casey Jenkins**
*Group GM - People, Marketing and Minerals*

## Strategic Goals and Objectives

1

**Sustainable procurement**

Demonstrate leadership in sustainable procurement practices.

Standardise our process for evaluating new and existing suppliers' ESG compliance.

2

**Environmental management**

We will measure, report and reduce our greenhouse gas (CHG) emissions.

We will reduce the waste we create and divert waste from landfill.

We will select renewable energy and invest in energy efficient processes across our business.

3

**Customer satisfaction**

We will achieve leading customer satisfaction scores.

We will support our customers to enable them to achieve their sustainability goals.

4

**Financial performance**

We will deliver long-term profitable growth for our employees, shareholders and customers.

5

**Employee retention**

We will develop the careers of our team with education and training programmes.

6

**Global recruitment**

Build high-performing teams that align with our One Team culture.

7

**Employee safety and wellbeing**

We will provide a workplace that safeguards the health and wellbeing of our people.

8

**Diversity and inclusion**

We are committed to diversity and a culture of inclusion in our workplace and will ensure equitable opportunities for employees.

SDGS Alignment

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

3 GOOD HEALTH AND WELL-BEING

5 GENDER EQUALITY

# Safety & wellbeing culture continues to mature

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| FY22 | | FY23 |
|---|---|---|
| 0 | Fatality | 0 |
| 9 | LTI | 5 |
| 5 | MTI | 0 |
| 30 | First Aid Injuries | 38 |
| 56 | EP&D / Near Miss | 28 |
| 872 | Hazards Reported | 1035 |
| 233 | Management Conversations | 251 |


## Strong engagement delivers positive improvements proving mature safety culture

- Positive engagement with BeScott Safety App, with 1035 hazards reported in FY23 compared to 872 hazards reported in the same period last financial year. 13% increase in identifying and reporting Hazards, Near Misses and Early Pain & Discomfort.
- Lost time Injury Frequency rate (LTIFR) continued a downward trend; LTIFR sitting at 4.3 compared to 8.7 in August 2022, 30% reduction.
- Continuous improvement in workplace safety and wellbeing is a fundamental commitment, the team is working hard on developing a Critical Risk Management Strategy, being launched next month.

# Positive engagement and momentum in ESG

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## 100% GHG emissions footprint measured and verified.

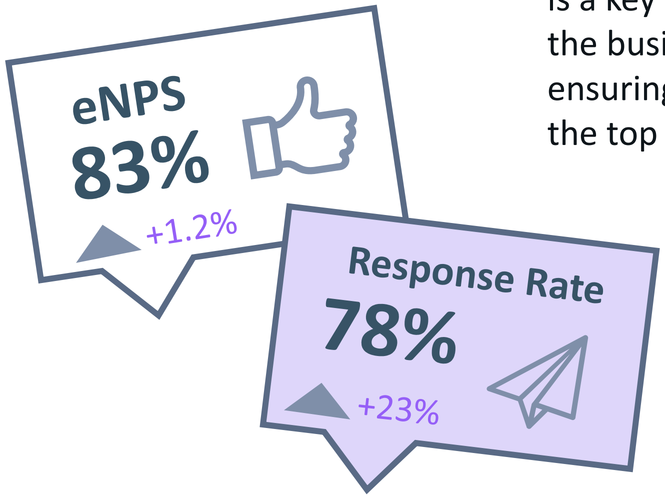
Progress was made in measuring GHG emissions in China and the US. Data has now been collected and audited for the whole business.

## Climate related disclosures

Work under way to prepare business for 2024 reporting requirements, gap analysis completed.

## Expanded employee benefits programme.

Featuring increased employer contributions to KiwiSaver, enhanced medical insurance offerings and celebrating employees through staff awards.



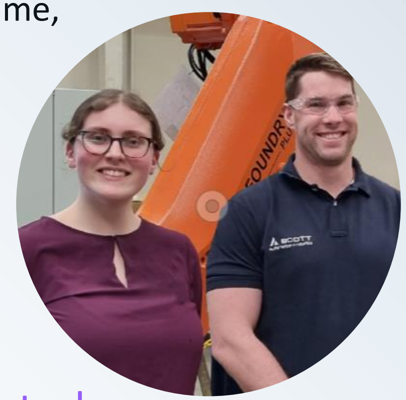

## Engagement initiatives bring positive results to our eNPS score.

Highest overall score to date at 83%, FY22 82%. Highest return rate so far at 78% across the group, target 70%, FY22 63%.

Positive employee engagement is a key measure of success and the business is committed to ensuring it retains and attracts the top talent.

## Pathways support talent development

33 young people globally in an internship, apprenticeship or graduate programme, 11 new this year.



## Investing in our future with University of Canterbury

Final year project sponsorship and the launch of the Scott Technology woman in engineering scholarship in 2023.

UC UNIVERSITY OF CANTERBURY
Te Whare Wānanga o Waitaha

# Carbon emissions-management journey

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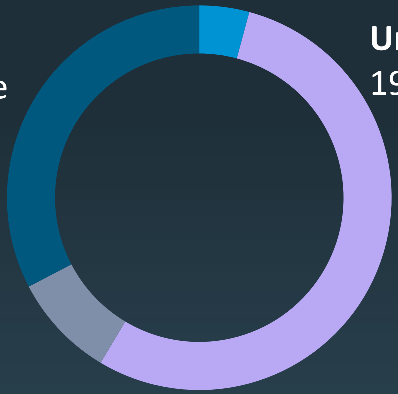
## FY22 GLOBAL GHG EMISSIONS FOOTPRINT




**Electricity 22%**
1,009 $tCO_2e$**

**Materials 31%**
1,418 $tCO_2e$

**Transport Fuel 22%**
995 $tCO_2e$*

**Business Travel 15%**
708 $tCO_2e$*

**Stationary Fuel 6%**
266 $tCO_2e$**

**Waste 1%**
60 $tCO_2e$

**Refrigerant gas 1%**
42 $tCO_2e$

**Packaging 1%**
29 $tCO_2e$

**Other 1%**
51 $tCO_2e$*

### Understanding the scale of our carbon footprint and the impact of our actions, allows us to identify opportunities for reduction and improvement.

- 100% of our global GHG Emissions footprint has been measured, audited and verified. Additionally, we have made seen reductions across both ANZ (13%) and Europe (9%) on FY19.
- Next steps for our carbon emissions management include:
  - Expanding the boundary of the Scope 3 measurement especially for Freight and Purchased Goods and Services
  - Factor in group revenue growth to see the growth in emissions and the impact on target setting
  - Development of regionalised reduction strategies and finalise the group reduction targets (absolute and intensity).
- Factor in group revenue growth to see the growth in emissions and the impact on target setting.
- Finalise the group reduction targets (absolute and intensity).

# KEY POINTS
# SUMMARY

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# Key Points Summary

| | |
|---|---|
| 1 | Scott continues to experience ongoing demand for automation as our customers invest to drive productivity, safety, and to overcome ongoing global labour shortages. |
| 2 | Success from the Scott 2025 strategy to focus on core areas of proven expertise and sell into large addressable markets. This delivers core revenue growth of 22%, making up 79% of group revenue and 89% of group margin. |
| 3 | These proven and repeatable products delivered Sales margin of 24% and Services / Aftermarket margin of 35% Which lifted group margin from 24% to 27%. |
| 4 | Continued track record of managing costs efficiently and taking revenue growth to the bottom line As demonstrated by record growth of operating EBITDA of 27% from FY22 to $30.4m. |
| 5 | Demand for automation combined with clear Strategy maintains a strong forward order book totaling $195m. |
| 6 | We continue to move efficiently though the various stages of ESG, Strategy and Culture. |
| 7 | Winner of the 2022 Deloitte  Best Growth Strategy Award recognising outstanding growth performance. |
| 8 | In June, Scott announced its intention to undertake a strategic review, this review is still ongoing. Scott will update on developments when the strategic review is completed. |


# THANK YOU

4.0

# Q&A